



Teachers' Retirement System of the State of Kentucky

The 65th Comprehensive Annual Financial Report

A Component Unit of the Commonwealth of Kentucky
Fiscal Year Ended June 30, 2005

Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, Kentucky 40601-3800

GARY L. HARBIN
Executive Secretary

This report was printed on recycled paper.



This report was prepared by the Teachers' Retirement System staff.

KENTUCKY TEACHERS' RETIREMENT SYSTEM

INTRODUCTORY SECTION

Chairperson's Letter	2
Letter of Transmittal	3
Board of Trustees	7
Administrative Staff and Professional Consultants	8
Organizational Chart	9
GFOA Certificate of Achievement	10
PPCC Achievement Award	11

FINANCIAL SECTION

Independent Auditor's Report	14
Management's Discussion & Analysis	15
Basic Financial Statements	
Statement of Plan Net Assets	19
Statement of Changes in Plan Net Assets	20
Notes to Financial Statements	21
Required Supplemental Information	
Schedule of Funding Progress	37
Schedule of Employer Contributions	38
Notes to Required Supplemental Information	39
Supporting Schedules	42
Independent Auditor's Report on Internal Control & Compliance	44

INVESTMENT SECTION

Investment Overview	46
Distribution of Investments	52
Investment Portfolio Growth	53
Investment Income Growth	53
Total Return on Investments	54
Investment Summary	55
Contracted Investment Management Expenses	55
Transaction Commissions	56
Ten Largest Stock Holdings Ranked by Market Value	58
Top Ten Fixed Income Holdings	58
Schedule of Investments	59

TABLE OF CONTENTS

ACTUARIAL SECTION

Actuary's Certification Letter	62
Summary of Principal Results	63
Membership Data	64
Assets	65
Comments on Valuation	66
Contributions Payable Under the System	66
Comments on Level of Funding	68
Analysis of Financial Experience	68
Accounting Information	69
Results of the Valuation Prepared as of June 30, 2004	71
Solvency Test	71
Actuarial Value of Assets	72
Summary of Receipts and Disbursements	72
Outline of Actuarial Assumptions and Methods	74
Summary of Main System Provisions as Interpreted for Valuation Purposes	76
Schedule of Active Member Valuation Data	79
Schedule of Retirants, Beneficiaries, and Survivors	
Added to and Removed from Rolls	79

STATISTICAL SECTION

Defined Benefit Plan	
Additions by Source	83
Deductions by Type	83
Changes in Net Assets	83
Medical Insurance Plan	
Additions by Source	84
Deductions by Type	84
Changes in Net Assets	84
Distribution of Active Contributing Members	85
Principal Participating Employers	85
KTRS Schedule of Participating Employers	86
Geographical Distribution of Retirement Payments Worldwide	88
Geographical Distribution of Retirement Payments Statewide	89
Growth in Annuitants	92
Schedule of KTRS Annuitants by Type of Benefit	93
Defined Benefit Plan Average Benefit Payments for the Past Ten Years	94
Medical Insurance Plan Average Premium	
Supplements for the Past Five Years	95
Summary of Retiree Sick Leave Payments	96
Funding of Additional Payments	96
Summary of State Match and Supplemental	
Appropriations for Members	97

This page intentionally left blank.